



U.S. Department
of Transportation

**Federal Aviation
Administration**

Memorandum

Subject: **INFORMATION:** PFC Update, PFC 47-04

Date: September 30, 2004

From: Manager, Financial Analysis
and Passenger Facility Charge Branch

Reply to
Attn. of:

To: All Regional Airports Division Managers
and AMA-620
Attention: PFC Contacts

PFC-04-47.1. Low-Emission Airport Vehicles and Ground Support Equipment.

Section 121 of the Vision 100—Century of Aviation Reauthorization Act amends section 40117(a)(3) to establish PFC eligibility for projects that reduce emissions from vehicles and ground support equipment (GSE) at commercial service airports in air quality nonattainment and maintenance areas. The PFC eligibility is incorporated as part of the new Voluntary Airport Low Emission (VALE) program and includes amendments to vehicle and infrastructure eligibility described in section 47102(3). Section 121 of Vision 100 will be incorporated into Part 158 as a part of a future rulemaking. However, with the publication of the guidance attached to this update letter, the FAA is announcing that it will accept PFC applications containing low-emission vehicle projects immediately, rather than waiting for completion of rulemaking actions.

The VALE program will help public agencies to meet their obligations under the Clean Air Act (CAA) and to comply with health-based National Ambient Air Quality Standards (NAAQS). The program provides public agencies with financial and regulatory incentives to take early actions to reduce airport emissions using proven low emission technologies.

Under the VALE program, public agencies may convert vehicles and GSE to low-emission technology (as defined in section 47102), which is powered by alternative fuels or clean conventional fuels. GSE is defined as service and maintenance equipment used at an airport to support aeronautical operations and related activities. Eligible conversions include the acquisition of new low-emission vehicles or the retrofitting any such vehicles or equipment that are powered by a diesel or gasoline engine with emission control technologies certified or verified by the U.S. Environmental Protection Agency (EPA).

In accordance with section 158, 47139(b), eligible projects must result in the public agency receiving appropriate airport emission reduction credits (AERCs). Prior to PFC funding approval, the FAA must receive an AERC assurance from the State in which the project is located, or from the EPA. Section 47139(a) directs the EPA Administrator, in consultation with the Secretary of Transportation, to issue AERC guidance. This EPA guidance, coordinated with DOT/FAA, is contained in the EPA report: "Guidance on Airport Reduction Credits for Early Measures through Voluntary Airport Low Emission Programs." (available at FAA website: www.faa.gov/arp/environmental/vale) This AERC guidance is consistent with the CAA and provides an acceptable method by which the State air quality agency will grant AERCs to the public agency in a timely manner. AERCs will be calculated and provided to airports on a consistent basis nationwide, are kept by the public agency, and can only be used by the public agency to meet their current or future CAA general conformity and new source review requirements.

Section 121(d) for PFCs, and section 159(b)(2) for AIP, directs DOT/FAA to issue guidance describing eligible low-emission modifications, improvements, and vehicle technology for the VALE program and stating how public agencies will demonstrate benefits. This guidance has been prepared in consultation with the EPA and the U.S. Department of Energy (DOE) and is entitled the "VALE Program Technical Report." The report is provided as an attachment to this update letter and is available on the FAA website listed above.

According to section 47102, as amended by section 801 of Vision 100, the VALE Technical Report defines "low-emission technology" as vehicles and equipment whose emission performance is the best achievable under emission standards established by the EPA and that relies exclusively on alternative fuels that are substantially non-petroleum based, as defined by the DOE, but not excluding hybrid systems. The selected VALE program low-emission standards, which balance EPA low-emission standards with commercial availability, establish the basis for eligible vehicle acquisitions and for project cost effectiveness. Cost calculations and funding approvals for new vehicles are limited to their incremental costs (i.e., the differential in price between a low-emission vehicle and the current market value for a new equivalent conventional-fuel vehicle). For existing vehicles, the full cost of low-emission retrofitting is permitted provided that the public agency demonstrates cost effectiveness in terms of emission reductions per dollar spent of project funds.

A list of commercial service airports that are eligible for the VALE program may be found at the FAA website listed above. This list will be update periodically. Developed with assistance from the EPA, this list identifies the criteria pollutant(s) responsible for the nonattainment or maintenance status of the geographical area surrounding each eligible airport.

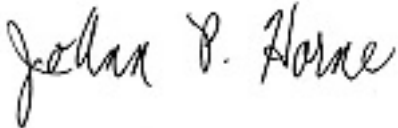
The public agency begins the application process by submitting its project proposal to the State air quality agency for approval and issuance of an AERC

“Letter of Assurance” to the FAA. A copy of the project proposal should also be sent to the appropriate EPA Region office for information purposes. At this time, the public agency should also submit an information copy of its project proposal to the FAA Airports program office for review of technological feasibility and cost-effectiveness. Once the AERC Letter of Assurance has been issued, a PFC application may be submitted by the public agency using appropriate procedures and format. The State Letter of Assurance guarantees that the public agency will receive appropriate AERCs for its project. The PFC application must include a copy of the AERC Letter of Assurance.

The VALE Technical Report includes further information on the procedures for public agencies to use in developing project proposals, applying to States for AERCs, and calculating project emission reductions and cost effectiveness. Proposal and calculation worksheets are provided to facilitate this process.

By law, the FAA must protect the investment made in vehicles and infrastructure equipment acquired or constructed through the VALE Program. To comply with this requirement, we will insert special language in the appropriate determination paragraph of the Final Agency Decision (This language will also be inserted in an acknowledgement letter prepared as a part of the new non-hub pilot program. The special language is discussed in the VALE Technical Report with a copy provided in Appendix C of the report. In addition, until Section 121 of Vision 100 is incorporated into Part 158, the eligibility determination in the FAD must be Section 121 of Vision 100.

If you have any questions on this guidance, please contact Sheryl Scarborough at (202) 267-8825 or Jake Plante (APP-600) at (202) 493-4875.

A handwritten signature in black ink that reads "JoAnn P. Horne". The signature is written in a cursive, flowing style.

JoAnn Horne

Attachments